SHRI PRANAB MUKHERJEE (West Bengal): If he has something to say, he can say.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Now, we will take up clarifications on the statement made by the Minister regarding the New Exploration Licensing Policy.

SHRI SATISH AGARWAL (Rajasthan): Is that the last item?

THE VICE-CHAIRMAN (SHRI MD. SALIM): Yes. Now, Mr. John F. Fernandes.

SHRI SATISH AGARWAL: Mr. Vice-Chairman, Sir, please clarify one thing, whether we are taking up the Proclamation today.

THE VICE-CHAIRMAN (SHRI MD. SALIM): We are not taking up the Proclamation today.

SHRI SATISH AGARWAL: Are we seeking clarifications only?

THE VICE-CHAIRMAN (SHRI MD. SALIM): Yes, we are taking up clarifications on the statement made by the Minister. ...*(Interruptions)*...

SHRI NILOTPAL BASU (West Bengal): Sir, this is a very serious issue. We can have clarifications, but I think, a proper structured discussion on this policy document is very necessary. If the Government agrees, in the second half of the Budget Session, we can have that structured discussion because it is a serious thing. We never have a discussion on hydro-carbon policy in this country.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Okay, Mr. Basu.

SHRI JOHN F. FERNANDES: It is not a discussion. It is clarification.

THE VICE-CHAIRMAN (SHRI MD. SALIM) : If everybody agrees, then the BAC can take a decision...*(Interruptions)*...

SHRI SATISH AGARWAL: Sir, Mr. Nilotpal Basu is perfectly right in saying that the petroleum sector reforms are very important to be discussed in this House.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Now, we take up clarifications. Shri John F. Fernandes.

CLARIFICATIONS ON STATEMENT BY MINISTER—NEW EXPLORATION LICENSING POLICY (NELP)

SHRI JOHN F. FERNANDES (Goa): Mr. Vice-Chairman, Sir, the statment of the hon. Minister is pursuant to the commitment made by the Finance Minister in paragraph 28 of his Budget Speech. Sir, we have seen that the growth rate is about eight per cent per annum, and there is no attempt on the part of the Government to discourage its consumption in the country. Sir, the hon. Minister is going to bring the public sector undertakings—ONGC and OIL—on a par with the private sector. They are going to withdraw. I think, Renukaji...

SHRIMATI RENUKA CHOWDHURY (Andhra Pradesh) : You people are not techno-friendly.

SHRI JOHN F. FERNANDES: You are disturbing me; you are distracting me by your voice...*(Interruptions)*... So, what I was trying to say is that for the first time, by this policy, the Government is going to have a level-playing field for the public sector undertakings and the private sector and also the joint sector because ONGC and OIL will also have joint sector with private sector in the country and also multinationals from abroad. Sir, the Government has also given a lot of tax rebates. Now, the Government wishes to give 50 per cent concession for seven years and also they will give a tax holiday for five years. I want to know from the hon. Minister whether he will assure this house that they will have a scheme to see that this tax concession and tax holiday is passed on to the consumer.

Secondly, now we are going to give our oilfields to the private sector. The public sector has invested crores of rupees for feasibility reports and for testing. I want to know from the hon. Minister whether this investment incurred will be absorbed by the Government or they are going to pass it on the private sector, wherever

they are going to have joint ventures.

Thirdly, Sir, now out of 26 wells, six are already being operated by ONGC and OIL and about 18 have already been given to the joint sector—private joint sector and public and private joint-sector. I want to know from the hon. Minister as to what the yield is after privatisation. Has it improved or has it gone down? I also want to know whether this scheme is a foolproof one and whether it will fulfil the intention of the Government. With these few submissions, Sir, I conclude and hope that the hon. Minister will reply to my queries. Thank you, Sir.

SHRI DIPANKAR MUKHERJEE (West Bengal): Sir, I would like to seek clarifications point by point. With regard to para 2 my query is: How long will we be silent on the demand management side keeping in view the increasing demand and supply gap in this crucial oil sector? Sir, demand management does not mean rationing; it means utilisation of hydrocarbon. I would like to know whether there will be a policy decision with regard to the demand management side. Coming to para 4, I welcome that the ONGC and the Oil India are being provided level playing field by giving the same fiscal and contract terms as are available to private companies. I have one query with regard to the last portion of para 4(1). It is stated, "They will, however, also have to compete with the private sector for obtaining petroleum exploration licences instead of getting them on a nomination basis at present." I am not sure whether the Government has given any thought to the fact that the technical expertise gained by these two national oil companies and the investment made by these two oil companies. If the New Exploration Policy which gives them a level playing field, then why has the Government not taken into account this fact that ONGC and OIL right now are exploring oil in many areas where oil has not been discovered? But, they have already spent a lot of money on exploration. What will they do in this case? If they go by the old Oil Policy, then they will get the old prices. This is number one. If they give these areas, then no one may be interested in them. I would like to know how the Government is going to ensure that the facilities like reduced Customs Duty, etc. which are being given under the New Exploration policy for buying equipment are also given to ONGC and OIL for the old aeas like Madhya Pradesh, Orissa, Bengal, foothills of the Himalayas, etc., where these companies are working. In this connection, I would request that the Government should ensure that the national oil companies get some protection so far as the 'nominations' are concerned. Otherwise, the best fields may go to some outside companies and the national oil companies would be deprived of them. Sir, the next point is regarding royalty payments. I would like the Government to clarify as to what are the international rates of royalty that are being paid in other countries and how the rates of 12.5 per cent for the 'on-land' areas and 10 per cent for the 'off-shore' areas are compared to the international rates. it does not say anything specifically about the 'deep off-shore' areas. It only says, 'Royalty for off-shore areas..." In this connection, I would like to know whether it includes deep off-shore areas also. Sir, the next point is with regard to the Hydrocarbon Development Fund. The money will be given from this Fund for exploration-related activities. Sir, on the basis of the experience of the Oil Industry Development Board, OIDB, which instead of utilising the money for petroleum related activities, diverted that money to the Consolidated Fund of India, I would like to know whether the Government will give an assurance on the floor of this House that the money provided for this Fund will not be diverted to any other activity other than the petroleum development activities such as exploration work, etc., The Government must ensure that this Fund will notmeet the same fate as the OIDB

did. In para 4 (3) (d), the statement says, "It is proposed to completely abolish cess payments for blocks offered under the new policy."

What would be the loss on this account? How is it going to be compensated? This should not be compensated at the cost of the users, particularly, the users belonging to the lower strata of the society. This cannot be done., This assurance must come from the Government that this compensation would not be at the cost of the users in the lower strata.

Then, (f): 'A special thrust is to be given to boost exploration and production of petroleum in the North-Eastern Region....'. My humble question to the Government is this. So many concessions are being given only on paper, as in this case. May I know as to what is the concrete plan? What type of activity would be undertaken? What type of thrust you are going to give in the North-Eastern Region? It should be spelt out in concrete terms. It may be in Assam, or, Tripura, or any other State in the North-Eastern Region. What concrete plan you are going to have, so far as development and investment in the North-Eastern Region. What concrete plan you are going to have, so far as development and investment in the North-Eastern Region is concerned? Otherwise, these concessions would remain only on paper.

In regard to a separate petroleum tax code, you have to come up with specific guidelines as to what type of petroleum tax code you are going to have. Is there going to be any control on the windfall profits which may be earned by certain multinationals? In other words, what would be the rate of return fixed by the Government? There must be some control on the profits.

On page 4, in (ii) you say: 'There will be freedom to the contractors to market the crude oil and gas discovered in the blocks under the new policy in the domestic market'. We are very much apprehensive that this is going to annul all the advantages we are going to give to the ONGC and OIL. Such a free market policy would definitely distort the subsidy policy that we have. I do not think the oil economy of an independent, sovereign, nation should be managed by having no control over multinationals, by giving everything to them. I would like the Government to assure the House. This should be clarified. There must be some control. This kind of a free market for the contractors to market the crude oil should not be encouraged, should not be allowed, by the Government.

SHRI SURINDER KUMAR SINGLA (Punjab): Thank you, Mr. Vice Chairman.

Sir, at the outset, I would like to point out that this clarification facility would not help us, would not help the House, to have a full perspective of the exploration policy. As Mr. Baalu said, what we need is some kind of a short duration discussion.

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): Full discussion.

SHRI SURINDER KUMAR SINGLA: We should have a full discussion so that we can have a proper perspective of the policy.

I welcome this new exploration licensing policy. My only objection is this. The Minister himself has admitted, in paragraph 2, that at present, the country is self-sufficient to the extent of only 50 per cent; as we go to the future, in the next three-four years, it would decline to 35 per cent.

Considering this scenario that he has painted, that we will have to have a larger import of petroleum products in the coming years, Government should have announced this policy much earlier.

This is the general comment I would like to make.

Now, I have a few queries to raise. On page 2, paragraph 4(1), he says: 'They

will, however, also have to compete with the private sector for obtaining petroleum exploration licences instead of getting them on a nomination basis at present.' But in the next paragraph, the whole thing is contradicted. The contradiction is, you are going to have an open acreage system. It is not, necessarily, restricted to bidding rounds. One would like to understand whether you are for an open, competitive, policy, or, you go by free bids. This is what paragraph 4(2) suggests when it says that it is not restricted to bidding rounds alone. The second question I want to raise is that considering the past experience of the exploration policy, virtually no new investment has come. Are you listenting, Sir?

SHRI T.R. BAALU: Yes.

SHRI SURINDER KUMAR SINGLA: My point is that the time taken for allotment of a licence is normally two years. The exploration starts in the next three years, and discovery of an oil field takes seven years. If you have such a long-term plan for new fields to be discovered, one will like to understand how you will really achieve the goal of self-sufficiency in production of petroleum products. One will understand or appreciate if you reduce the time period involved in giving licences, it should not be two years but two months.

The third question that I want to raise is this. One would like to know the experience. How much private investment has come? Is it from foreign investors, or is it from domestic investors? What is the total amount of investment that has come and that is likely to come? Have you to give some incentive? My colleague has actually questioned the fiscal incentives which you have given. But the experience is that still no investment is coming in the exploration field at all. So, one would like to know the past experience of additional investment in this.

Fourthly, I still recommend that the ONGC and the OIL are technologically sound companies in the country. They have tremendous experience. Some kind of preference should be given to them. Plus, I say, some kind of budgetary support should be given to these companies. I am not on the question of price. You should have that level-playing field. But, if you want to ensure self-sufficiency in oil production in the country, you have to arrange budgetary funds. They are the most well-established companies. They have the technical knowhow. They have rich experience. They should be funded so that self-sufficiency in oil production could be achieved.

Thank you.

SHRI GURUDAS DAS GUPTA (West Bengal): Sir, I have looked into the statement very carefully, and I have tried to follow the arguments of the hon. Minister to the extent possible. Sir, this statement only says that the Government has failed to augment the increase in the production of petroleum products. Why has it been so? Why, at one time we could meet a little above 50 per cent of the demand, and why can we not now meet even 35 per cent of the demand? It only says that the Petroleum Ministry did not do all that was necessary or that the Government did not do all that was necessary to improve the production, to bring about a better work culture and to augment the resources in the Petroleum Ministry. Therefore, we have to pay for the failure of the Government. Therefore, the hon. Minister must explain why the petroleum production has gone down.

Secondly, Sir, in order to invite foreign capital, the Government is giving unusual concessions. It is a core sector. The commitment of the Government was that such a wide variety of liberalisation would not be experimented in the core sector. As I understand, that was the policy of the Government; that was the commitment of the Government.

Therefore, confronted with a big debacle or confronted with a big fiasco of its own policy, it is now returning to a position which it never thought as justified in its Common Minimum Programme. My next question is, if the O.N.G.C. and O.I.L. are given the same level playing ground with the international oil corporations, there is every possibility that the O.N.G.C. and O.I.L. will be in for serious trouble. They will be outwitted by the international tycoons operating in the oil industry. We know how they are playing into the politics of a number of oil producing countries. Therefore, the way they are being given equal opportunity as is being given to the O.N.G.C. and O.I.L., that may not be beneficial for the country.

My next question is whether the Government has looked into the experience of other Asian countries in inviting foreign oil industry so generously.

My next question is whether the Government is sure that by liberalising so much, they will be able to mobilise so much of foreign funds. At one point of time Mr. Mukherjee had placed before the House the question about the availability of foreign funds. It is not true that foreign funds are in abundance in the world. Therefore, I would like to know whether the Government has taken into consideration the question of availability of foreign funds before being so generous and liberal in terms of investment, particularly in the oil industry, which is our core sector. I believe because of this liberalisation, there is going to be a market economy, leading to increase in prices. If you invite foreign tycoons, you cannot put a curb on the price spiral. therefore, ultimately, inviting foreing capital to India in the oil production sector will lead to a far greater inflation, will lead to a far greater increase in the cost of production. Ultimately that is not going to be beneficial for the country. Therefore, as a short-term measure, if I take it that it may be beneficial, looking to the long-term interests of the country, it is going to be against India's own growth. It will make India a high cost economy. ...*(Interruptions)*...

SHRI SURINDER SINGH SINGLA: That shows you are against this.

SHRI GURUDAS DAS GUPTA: No, I am not against. I am only saying what is bound to be the repurcussion. ...*(Interruptions)*... I am asking clarifications. The hon. Member seems to be so wedded to the philosophy of total liberalisation that he wants even the Government to be disbanded as he wants the Income-tax Department to be wound up. So, how can we have a common view in the House? ...*(Interruptions)*...

SHRI SURINDER SINGH SINGLA: I will not recommend dissolution of the Government. That way, in fact the Parliament will be affected. Thereby I will be losing. I will not do that. Don't worry.

SHRI GURUDAS DAS GUPTA: I understand, the hon. Member takes every decision on the basis of his personal interest.

SHRI SURINDER KUMAR SINGLA: As if you are an exception to this.

SHRI GURUDAS DAS GUPTA: Sir, I come to my next point. I would like the hon. Minister to tell us whether as an alternative, the Government will put a curb on conspicuous consumption of oil. why does the Government not take steps itself for improvement of production? Instead of inviting foreign capital, why does the O.N.G.C. not enter into the international market for mobilisation of international credit? Instead of allowing so liberally investment by foreign companies, why should we not go in for borrowing international credit? We should put a curb on conspicuous

consumption of oil, we should try all out to improve oil production in the country. I would like to have the Minister's response to my alternative proposals in place of the proposals that he has mooted.

SHRIMATI RENUKA CHOWDHURY: Sir, I just would like to add to what my hon. colleague has said. If we are to go in for international credit, how will the O.N.G.C., receiving the credit in dollars, pay in rupees.? How would that affect us? I would like the hon. Minister to reply to that point also.

DR. BIPLAB DAS GUPTA (West Bengal): Mr. Vice-Chairman, Sir, I have four very specific questions to put. Number one, the Minister has tried to provide level playing field to the Indian companies. As far as paying to the Indian companies is concerned—if they succeed in exploration—it would be in dollar terms or in any other foreign currency. That is a good proposal. Then, he says that the companies would have to compete with foreign companies also on equal terms. So, there would be a level playing field from the point of view of foreign companies also. All that I want to say on this is if you look at the experience of the other countries, they give a certain priority to the State-owned oil companies. For example, Petrobras in Brazil which is the petroleum company or pemex in Mexico which have a long history and the National Petroleum Companies in West Asia or even in Indonesia. All these countries give a certain priority to the State-owned oil companies. Even after liberalising their economy, they do give high priority to the State-owned oil companies and it is never treated on equal terms with foreign companies I would like you to go into the experience of other countries and other State-owned oil companies in different oil producing countries and don't do anything more than what has been done by them. There is no need for us to give a level playing field to the foreign companies when the same has been denied by other countries to those foreign companies.

Number two, I do not know whether opening up the country to foreign companies would lead to exploration. In India, I remember in late 1940s, the Government of India asked the foreign companies—Burmah Shell, Caltex and Stanvac to explore oil in India. Stanvac had made some efforts to explore oil. They said that they tried exploring oil in India, but couldn't find anything. They all gave a report that there was no oil. Their reports said that there was no oil either in India or in China. Only after the formation of the ONGC, the Russian experts came here and explored oil in Naharkatia in Assam and Ankleshwar in Gujarat. They found oil. The experience all over the world is that the multinational oil companies do not go in for exploration on their own unless they find that the risk is very little. They want others to take up the risk. If others succeed, only then these multinational oil companies would come forward to take up exploration. So, unless we show through our own investment in public sector undertakings that there is oil in other parts, they would never come in. As far as I know, we have in our country 400,000 sq. kms of prospective oil-bearing area out of which very little has been explored so far. We found oil in Assam, Gujarat and something in offshore areas. Other areas have not been explored largely because the foreign companies would not be interested in these areas due to high risk. They have other areas of crude oil supply which is cheaper in West Asia. Why would they come to us? As far as our public sector undertakings are concerned, why don't you go in for investment? For exploration you need 10 years' time. It involves seismic survey, geological survey and eventually you will find the oil. Then, you have to develop it and then transport it. Everthing takes 5-10 years. Erection of plant itself takes five years. So no Government is interested in investing on driling because drilling can succeed after a very long

time. By that time the concerned Government would not be in power. That is why low priority is given to drilling. I would urge the Minister to give an undertaking while inviting foreign companies that top priority would be given for exploration of oil by Indian Public sector companies. Without their success, I don't think foreign companies would come in.

Number three, the Minister said in his statement, page 4, item (i) that there would be no compulsory State participation through ONGC and OIL and it would be up to the private companies to form a strategic alliance with these companies if they wish to do so. Again I would say, please look to the international experience in West Asia, in Indonesia, in Latin American countries. I think in every case there is a standard format. The standard format is if a foreign company finds oil, then, that foreign company immediately enter into a partnership with a domestic company. Then, they continue together for some time. Eventually, the entire resources are handed over to the domestic company and the foreign company leaves. That is the arrangement under which oil is explored in West Asia. If the exploration fails, then, the foreign company bears the cost. That is the usual arrangement. If the exploration succeeds, then, the foreign company forms a partnership with the Indian company.

That is the usual norm which is applied in the West Asian countries. I would suggest to the Minister, kindly go through these model agreements. Kindly have wide consultations with the countries which are oil-producing, oil-poor countries, and then come to your policy in line with our domestic interests. But if you say in the beginning that there is no need for Indian partnership and all that, you are compromising on our national interests on this particular point.

I feel that these three or four points are very important points. There should not only be clarifications from the minister on these points, but there should also be a proper discussion, a short duration discussion, in the second part of this Budget Session where we can discuss these things in greater details, with some more material which we can bring. Thank you.

SHRI V. NARAYANASAMY (Pondicherry): Mr. Vice-Chairman, Sir, a new policy has been announced by the hon. Minister on exploration off-shore and on-shore. Some hon. Members have put very important questions. As far as I am concerned, there should be a level-playing field. Also, the previous Government had announced a policy by which bids were given to various companies for oil exploration. The hon. Minister, while announcing the new policy, has not made any reference to the previous bid that has been given by the Government. I would like to know whether it will be honoured by the present Government or whether the present Government is going to revise the same according to the new policy. I would like to know this from the hon. Minister.

As far as oil finds are concerned, after a geological survey, we find that in some areas oil finds are definitely available, in some areas they are scanty and in some areas gas is available. Therefore, we should have the terms and conditions for giving it for private participation, the public sector bidding on a different footing. But under the new policy, I do not find any kind of concession given to some of the companies which go in for oil exploration in the areas where we find it scanty. In some areas where there are gases, they can be found out. Therefore, there is some slight lacuna in the policy. I would like to know what terms and conditions they are going to impose. According to the survey, in some of the oil wells, we can find only little oil. What is he going to do about it?

There is one clause which clearly mentions that there will be freedom to the contractors to market crude oil and gas discovered in their blocks under the new policy in the domestic market. It creates a lot of doubts in the minds of

hon. Members. We go in for giving it to the private sector on a par with the public sector for the purpose of increasing the crude oil production. It should go to the Government. The Government should purchase it from the private entrepreneurs who come forward and discover oil and thereafter get oil. I would like to know whether the Government is going to purchase it or whether they are going to market it to private parties or export it to other countries. What are the terms and conditions? It is not clear, Mr. Minister. Now, you have got various oil refineries. Are they going to get it? The private entrepreneurs are not having oil refineries so far. Some of them have been given licences. But none of them has started so far. What are the terms and conditions in respect of the discoveries that have been found out in these blocks when the private entrepreneurs get the crude? I want that also to be clarified. And how many blocks have you identified for giving them for oil discovery? When are you going to start giving them for bidding between the public sector and the private sector? If there is participation by foreign companies, what is going to be the equity of the foreign companies which are going to invest in this activity? In India, we cannot find persons who will pay money for this purpose. Foreign companies have to come. What is going to be their equity participation? What is the output that the hon. Minister envisages under the new policy; I would like to know whether it is going to meet the demand of our country. Is the Minister confident that he is going to achieve or attain self-sufficiency in crude oil production with the help of the new policy?

DR. GOPALRAO VITHALRAO PATIL (Maharashtra): Sir, I would like to know whether in our search for investment in this vital sector, we are giving more concessions and incentives to them. This is my first question., Secondly, we are giving them a level playing field and the MNCs will also be coming in this field. They are giants. So, compared to those giants, our companies are having a very small capital. So, how will the ONGC fair before them? With how many companies the ONGC have entered into MOUs? I would also like to know whether the ONGC has also entered into any joint sector project with the other MNCs. We have given another concession of abolishing the cess on the petroleum products. I would like to know whether this will diminish the income or not. How will it be profitable? We were already getting about 50 per cent as tax from these companies. I would like to know whether there was any opposition to this proposal from the Ministry of Finance or some other Ministry.

After having undertakenall these exercises, will the petroleum products be more cheaper or will they be more costly? What will happen to the administered prices? Will another duty be imposed? You have mentioned that a separate petroleum tax code is to be put in place. What will be the nature of this code? I would like to know whether the import of petrol will be much more economical than indulging in giving such high concessions to other countries. These are my submissions. Thank you.

SHRI S. S. AHLUWALIA (Bihar): Sir, I have a small submission to make. I would like to know whether the Petroleum Ministry has mapped out the potential of oil and gas deposits in our country because this information is available through satellite. Have they done any mapping on this? Secondly, Sir, in the second paragraph of his statement, the Minister has stated: "The level of self-sufficiency being less than 50 per cent, it will be further reduced to 35 per cent over the next five years". I understand the viable oil wells are where the oil and gas ratio is between 250 per cent and 300 per cent. But as I know, it is my information, that more than 90 per cent of the oil wells are running above 550 per cent the oil and the gas ratio.

That means any day, any fine morning, we will find that we have closed down our oil wells. Right now, we are talking about 35 per cent or self-sufficiency or 50 per cent self-sufficiency. It may become zero per cent, and that will be a national disaster. What is your strategy? What is your future plan about the petroleum sector? I do not know. I have been putting this question to the Ministry repeatedly as to what their strategy is. But no answer is coming. On any fine morning, we will read in the newspaper that we have closed down our oil wells due to high percentage of gas and oil ratio. Sir, I have read in a foreign magazine that through satellite, they have also mapped out the potential of oil and gas deposits in our country. Through that magazine, I came to know that in the Bay of Bengal near Calcutta, oil and gas are flowing. What action are you taking to explore oil or to start commerical exploration of oil from that area? I don't have any information about that.

We have got an area of about 1,50,000 nautical miles in the Exclusive Economic Zone in sea, that is, the Bay of Bengal, Bombay High, and Arabian Sea. Recently, there was another report that Pakistan on the other side in our sea border, which is our EEZ, has started oil exploration. I want to know what action you people have taken and whether you are taking any project in that area or not.

Sir, before they would have done that, and before launching this scheme for privatisation and other things, they could have come out with a full map of potential of oil deposits and gas deposits in our country because that is the wealth of our country and we do not know anything, how they are going to assess, how they are going to finalise the bid. I don't know that. They are going to depend on the foreign data. Whether the data collected by the satellites are being processed in our country or whether we are depending on foreign decoding; what the method is that we are adopting to assess the gas and oil deposits in our country and around the country, in EEZ—these are the clarifications I want to seek.

Sir, one more clarification I want to seek. We have got enough deposits in Nagaland and Arunachal Pradesh. I know that there is a lot of problem, there is a problem of insurgency, and the underground people also are not allowing to explore these things. Are you going to auction thes blocks also?

SHRI T.R. BAALU: Sir, in fact, I have to thank all the Members, especially the senior Members of this august House, who have participated in seeking clarifications. To answer each and every question, I have got all the facts and figures, but the only thing is it will take a lot of time. In fact, our hon. Minister for Home Affairs wanted to....*(Interruptions)*...

AN HON. MEMBER: Does it mean that you are not going to reply to our questions?

SHRI T.R. BAALU: There is no problem in answering the questions. There is no problem. For each and every question I have got the data. I can answer each and every question. In fact, I will start with the question of our hon. Member, Shri S.S. Ahluwalia, who has just completed his observations. He wants to know whether a full map is available and whether a survey has been conducted. Sir, we are conducting surveys in the Bay of Bengal. In fact, after I took over this particular assignment, a vessel has been deployed in the Bay of Bengal; the survey for about 4,909 kms. has been completed about one month back. The same vessel has once again been deployed for further suveying of 4,109 kms. The survey for about 9,000 kms. has already been completed. From the data, which we have just received, it is clear that we have prospective results, but I can't disclose them for various reasons because they have to be processed. He wants to know whether the data are pressed or not. It is partly processed

here, but, in fact, we have to send it to Western Australia for further processing.

Definitely we are going to get very good results, and most probably, in the next Session, I will also be able to announce very good results to this august House.

Sir, he also wants to know whether a full map is available. Sir, the Director-General of Hydrocarbon is at it now and he has brought out a very good booklet which has already been circulated in the Energy Conference.

We are sending them to each and every world conference. The data which we are collecting are processed and re-processed and after processing, they are being sent to Houston where we can market our data and as a result companies from all over the world can come and participate in the ensuing bids.

Mr. Narayanasamy wanted to know whether there is any appropriate timetable. The follow-up action is taken to prepare a framework and a model contract on the basis of the New Exploration Licence Policy. This includes preparing a petroleum tax code. As soon as it is done we shall open the bids.

Mr Gurudas Das Gupta wanted to know whether we have estimated the needs for our ensuing exploration. For the next ten years the estimated amount that has to be deployed to have a full-fledged exploration is not less than Rs. 1,80,000 crores. Our PSUs are not capable of handling tis kind of risk capital investment. Therefore, it is better to invite foreign companies so that we can request foreign companies to offer their rates. Our data can be put forth in the bids themselves so that by going through the processed data they can avail the opportunity of offering their rates to us. Our demand is growing at a high speed, at the rate of 10% per annum. As on date our requirement, our demand for petroleum products is of the order of 72 million metric tons. We may need 82 million metric tons next year. At the turn of the century our demand will be 113 million metric tons. The growing demand has to be met. What do we do? If we are able to invest Rs. 1,80,000 crores, it is okay. It is not possible. Therefore, we have to invite foreigners. There is no other go. In fact the ratio of wells drilled in our country, when compared to the countries like Canada and South American countries, is 12 in 10,000 square kilometres. Their average is 100 wells. We havae got 26 basins. Out of these 26 basins, we have done exploration only in six basins. Since it involves risk capital and we are lacking in resources, in managerial expertise and in advanced technology, we have to go in for inviting foreign companies. So far we have offered nine rounds. In the ninth round we have offered only 35 blocks. In the fourth round we have received 30 bids only and we have offered 70 blocks. In the fifth round we have received ten bids and we have offered 45 blocks. In the sixth round we have received 12 bids and we have offered 46 blocks.

That is why we are going in for a new exploration policy. In the seventh round we offered 45 blocks but we have received only 10 bids. In the eighth round we have offered 34 blocks and we have received only 18 bids. For the last six to seven years blocks are being offered. So far we have been able to offer only 35 blocks. So far as developed wells are concerned, we have given only 30 developed wells. This is the status. There is no other go except to open up and see that 100 per cent equity is encouraged. Because of this, in what way are the public sector undertakings being safeguarded? As on date, heavy capital risk is involved in the investments we make. When a public sector undertaking produces oil, it does not get international market price for oil. But the joint venture companies are getting international market price for oil. This is the tragedy. Under the new exploration policy we would like to see that our oil sector, the Oil India Ltd. and the ONGC, get international market price for oil.

Hereafter the PSUs need not pay the cess which they were paying hitherto. The PSUs are at liberty to compete with other players and they can prove their competence. Somebody was saying that they were not competent enough. They are competent. In a very short time, in six to seven months I found they have got expertise. They have got professionalism. They have got everything. But we are lacking in resources. Mobilisation of funds is the problem as far as E&P area is concerned. ONGC and the Oil India Ltd. would be exempted from paying import duty for the capital goods, for each and everything. Whenever ONGC or the Oil India Ltd. need any spare parts to be put on their rigs, they have to import them and for that they have to pay the import duty also. But now there is no import duty. The PSUs will have these advantages. At the same time the private sector has got some incentives. There is no Government participation through public sector undertakings. They want to have a strategic alliance with our oil sector. They can have it. Earlier 40 per cent participation was there by the PSUs. Now that has been abolished. ONGC and the Oil India Ltd. will have to compete with the private sector to get exploration licences just like private companies. Thus a level playing field is provided to the public sector and the private sector. Royalty will be made *ad valorem*. On shore We charge 12.5 per cent and offshore up to 400 metres it is 10 per cent. Beyond 400 metre in deep water area it is only five per cent. Royalty can be paid for the first seven years after it starts production, so far as deep water exploration is concerned. In the North-Eastern region the operators will have seven years tax holiday. The private sector will have the freedom to market the crude in the domestic market. Shri V. Narayanasamy wanted to know from where the Government agencies would purchase oil. It is like this.

The Government agencies, whether, oil refineries or PSUs will have to purchase oil from private players only. It is open to all. They can purchase it. The only thing is that the oil produced in the Indian continent cannot be exported. That ban is there. It can be sold only to Indian entrepreneurs. We are exempting license fee, area rentals and signature bonus. All these have been abolished. The private sector can avail the expertise of the ONGC and O.I.L., and they can go in for strategic alliance. These are the advantages. Many hon. Members have made certain observations. Dr. Biplab Dasgupta wanted to know whether Brazil and Indonesia gave priority to State companies. Indonesia is a major producer of oil. It is far more prospective than us. It is an advanced country. Now, our prospective perception is low. We cannot compare ourselves with Saudi Arabia of Indonesia or any other country. Brazil proposes to undertake similar openings. They are proposing to take up policies like this. We are only doing desirable things at the proper time with the E&P area. We have conducted many seismic surveys theroughout the Arabian Sea, the Bay of Bengal and elsewhere. We are expecting good results. Somebody said that in Bombay High there is depletion of oil. This is a fact. Some six years ago, there was a similar depletion. But it went up. It again came down. As Mr. Ahluwalia said just now, this takes place because of GOR-Gas Oil Ratio. It has to be kept under proper Gas Oil Ratio proportion. If there is some difference in this, there will be some depletion. At the same time the maintenance works are going on. We are at it. Rather I am at it. I am inspecting each and every instructions. I am seeing to it. I will see that nothing will go wrong. You have to take my word for it. I am an old Member of this House and everybody knows me very well. I will try to keep up my promise. Whatever I say here will definitely be for the betterment of the nation. In the next session, on the first day itself, I will be able to give you very good results. The whole nation will definitely applaud the efforts that have been taken by us. Thank you.

THE VICE-CHAIRMAN (SHRI MD SALIM): The House stands adjourned till 11 A.M. tomorrow.

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The House then adjourned at twenty-four minutes past seven of the clock till eleven of the clock on Thursday, the 20th March, 1997.

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